

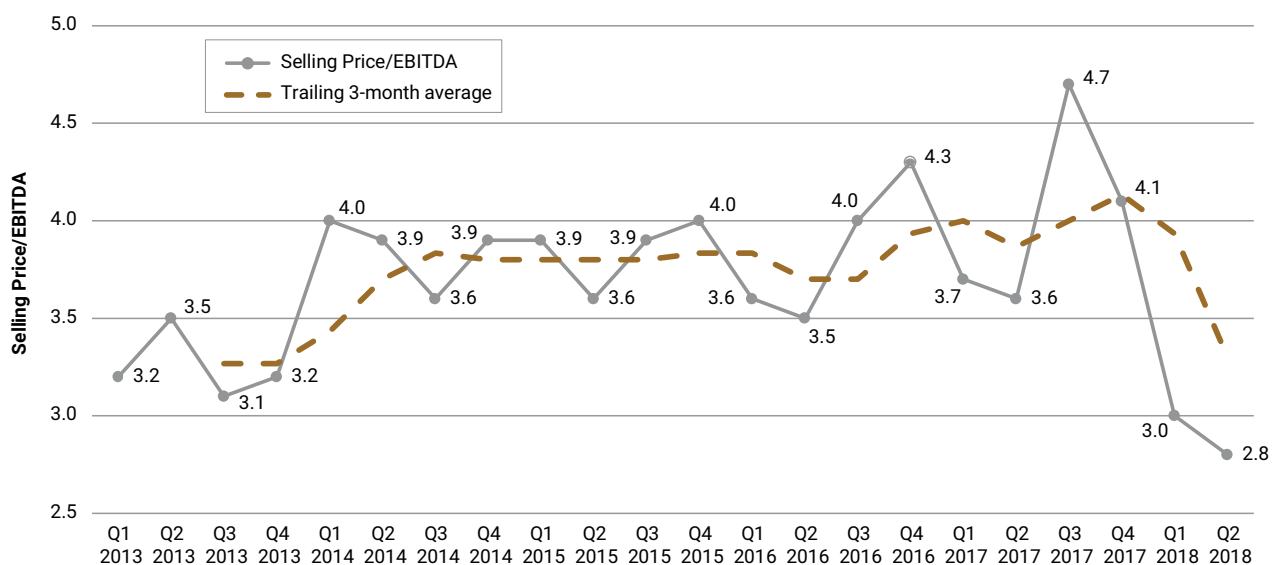
DealStats Value Index Brief

The *DealStats Value Index* states summarized valuation multiples and profit margins for private companies that were sold over the past 22 to 34 quarters. The data are derived from transactions of private companies Business Valuation Resources (BVR) captures in *DealStats*. The majority of the data are reported confidentially from BVR's Contributor Network (M&A advisors and business intermediaries) and are not available in the public domain. The data are updated quarterly and reflect the most recent transactions available at that time. As a result, past figures may change as new data are reported.

EBITDA MULTIPLES ARE DECLINING

EBITDA multiples across all industries were highest over a five-year period in the third quarter of 2017, at 4.7x. However, in the second quarter of 2018, these multiples plummeted to 2.8x—the lowest levels over the same five-year period. The relatively steady trailing three-month average trend line from the third quarter of 2014 through the first half of 2017 gave no clear indication that large fluctuations in multiples paid would ensue in the quarters ahead. From the third quarter of 2017 to the present, EBITDA multiples have trended down, marking the largest decline reported in recent years.

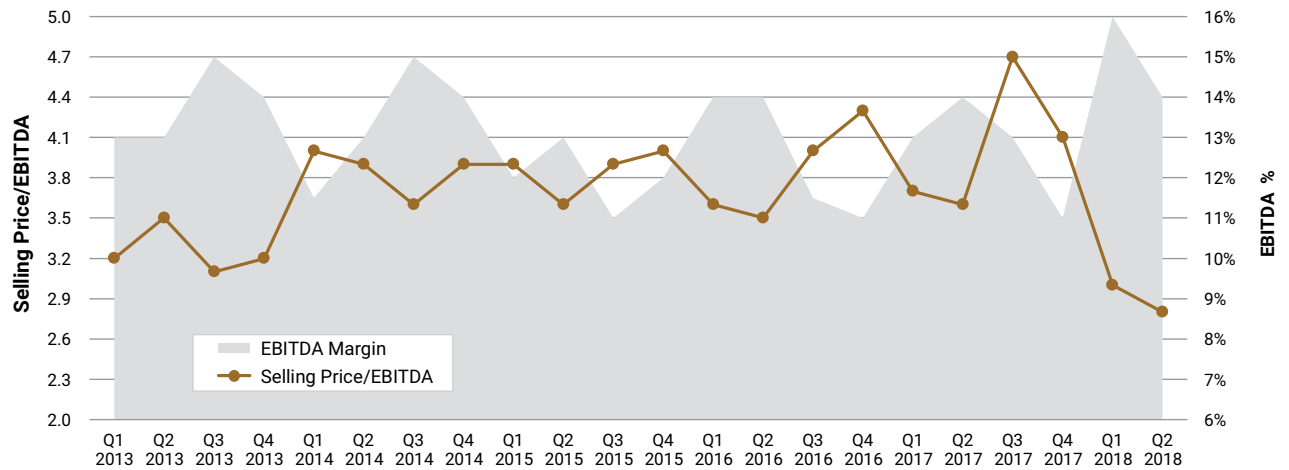
EXHIBIT 1. MEDIAN SELLING PRICE/EBITDA WITH TRAILING THREE-MONTH AVERAGE



EBITDA MARGINS ON THE RISE

EBITDA as a percentage of revenue peaked most recently in the first half of 2018, while the selling price-to-EBITDA multiple fell to its lowest level (2.8x) in the second quarter of 2018. Prior to 2018, the peaks and valleys of the EBITDA multiple moved opposite to that of the EBITDA margins. *DealStats* is tracking the trend to see whether it continues for the rest of 2018.

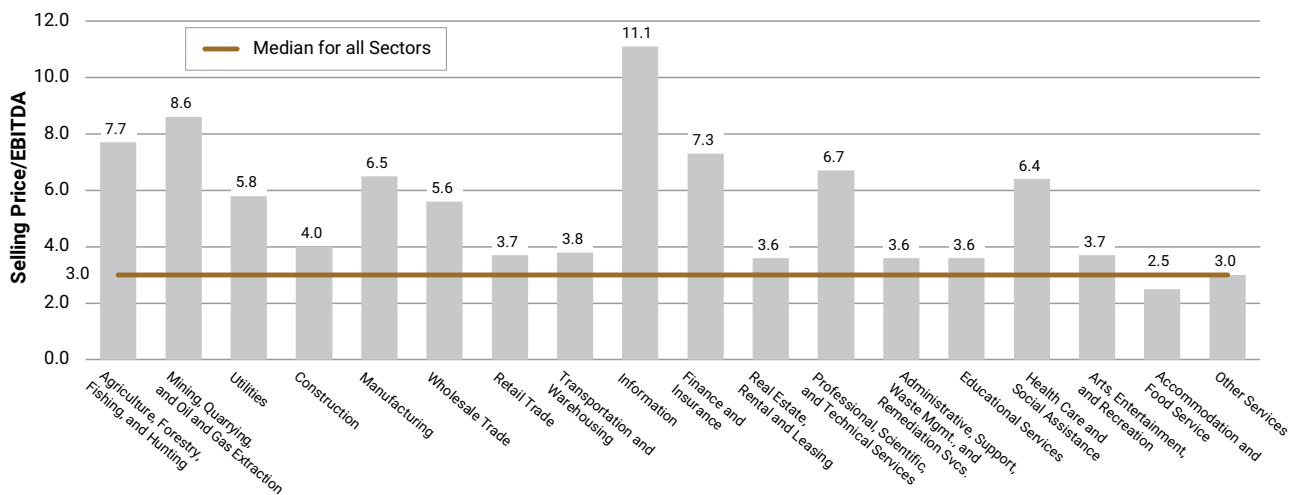
EXHIBIT 2. MEDIAN SELLING PRICE/EBITDA WITH EBITDA MARGINS



SELLING PRICE/EBITDA MEDIAN IS 3.0

The EBITDA multiples are highest for the information sector (11.1x) and the mining, quarrying, and oil and gas extraction sector (8.6x). Meanwhile, the lowest EBITDA multiples are in the accommodation and food services (2.5x) and the other services sectors (3.0x). The median across all industry sectors is 3.0x.

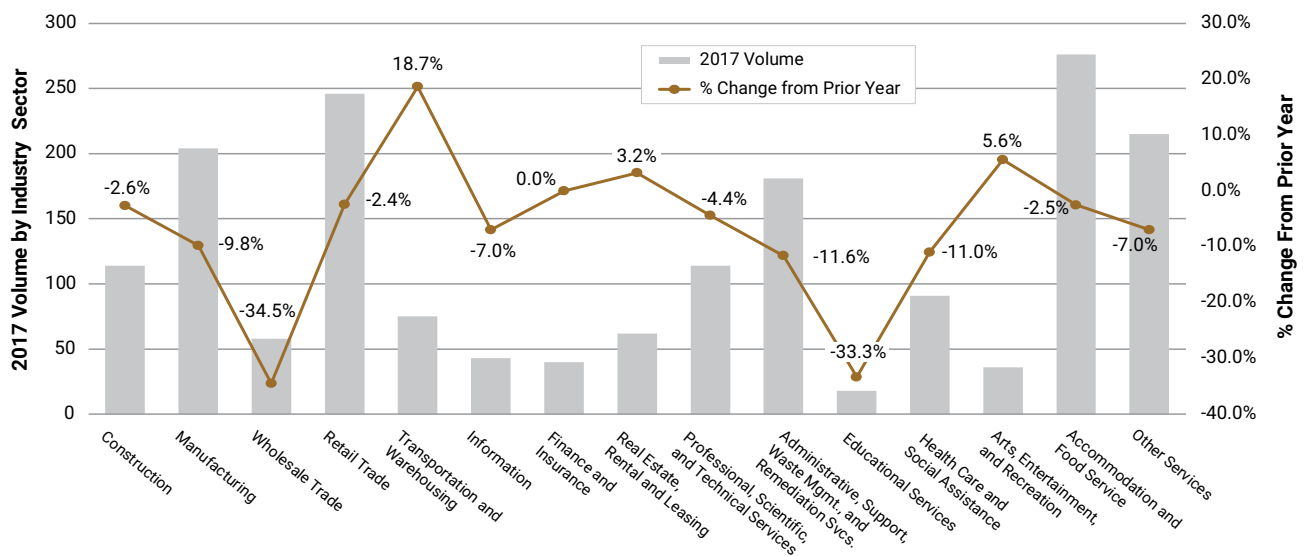
EXHIBIT 3. SELLING PRICE TO EBITDA BY SECTOR



ACQUISITIONS SLOW IN 11 OF 15 SECTORS IN 2017

The pace of private company acquisitions slowed in 11 of the 15 industry sectors from 2016 to 2017. The number of acquisitions in the wholesale trade sector had the biggest decline, dropping by 34.5%, while acquisitions in the transportation and warehousing sector saw the largest increase, at 18.7%.

EXHIBIT 4. 2017 INDUSTRY SECTOR VOLUME CHANGE FROM PRIOR YEAR



Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

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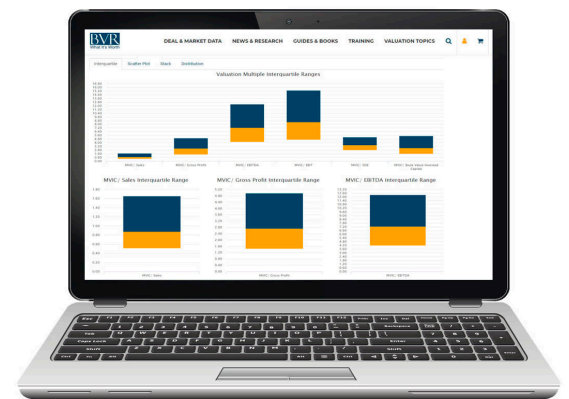
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DealStats – the next generation of private and public company comparables

Welcome to the next generation of private and public company transaction data for valuation and M&A professionals. DealStats (formerly Pratt's Stats) harnesses a state-of-the-art platform and boasts the most complete financial insight into acquired companies— both private and public. BVR's dedicated team of financial analysts rigorously reviews every DealStats transaction in real time. You won't find more complete and trustworthy intelligence anywhere else!



- Pull the best comparables**
Inform your valuation with detailed statistics and comprehensive summary reports that include financial ratios, valuation multiples, and profitability margins. Plus, get unique data on deal structures including payment terms, purchase price allocations, employment agreements, and more.
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